MEASURING AWARENESS OF MANAGEMENT RESPONSIBILITIES OVER FINANCIAL REPORTING

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Contents

Executive Summary

Most of the economic decisions in the word are based on the financial information provided as form of financial statements or financial reports. All stakeholders including shareholders, creditors, investors, analysts, suppliers, customers, regulators and tax authorities depends heavily on these financial reports. Almost all financial reports are prepared following either US GAAP or IFRSs. These reporting standards require some mandatory disclosures in the financial statements. Also, the various laws have imposed management to disclosure some specific information in the financial statements. However, it has been witnessed that management are not properly disclosing the required information due to lack of awareness about these responsibilities. This report was prepared with an aim to understand the level of awareness of the management regarding their responsibilities of financial reporting.

The report was prepared on the topic "***Measuring Awareness of Management responsibilities over financial reporting***". Report is organized in 7 parts. The first part, Preface, talks about the origin and the background of this report. Introduction of financial reporting, which is the second part of this report, defines the financial reporting and its purpose. Third part identifies how the financial reporting responsibilities are arising. The fourth part is an analytical approach aiming to understand the awareness of management responsibilities over financial reporting. The fifth part is about findings of the study, its recommendation to solve the identified issues and the conclusion of the report. The sixth part of the report is bibliography which shows the source of information used in the report. Finally, seventh and the last part of the report contain the annexures which are not directly involved to the study but useful to understand the report.

This study has identified that financial reporting disclosure requirements are arising either from legal and financial reporting framework. The Companies Act, 1994 sets the basic disclosure requirements from the legal framework. All the companies have to follow these requirements. In addition, based on the nature of operation, entities have to follow the disclosure requirements of other guiding laws like Bank Companies Act, Financial Institutions Act, Insurance Act and Corporate governance guidelines issued by Bangladesh Security Exchanges Commission (BSEC). As for the reporting framework, all companies in Bangladesh has to prepare financial statements following IFRSs. All IFRSs has some mandatory disclosure requirements.

In order to measure the level of awareness of management responsibilities, a research was conducted. For the purpose of the research, 'Professional education & training', 'Organization

Culture', 'Management Intention' were consider as independent variables and 'Awareness of Management' and 'Performance of Reporting Responsibilities' were consider as dependent variables. A survey questionnaire was developed to collect response from the management of various corporations. Response were obtained from 15 mid-level and top-level employees of various organizations.

Analysis of the response has identified that most of company management are aware of the reporting responsibilities arising from legal requirement. Management are also aware of requirement of IFRS that are already in effect. However, they have identified that they have limited knowledge about the newly issued IFRSs and their disclosure requirements. Still organizations do not arrange training programs for their employees in order to develop their expertise. Employees personally sometimes tries to undergo various trainings which might not be effective due to organizational culture and management intention. Although most management do not have intention to misstate financial statements, they do not have sufficient number of employees with expertise of IFRSs. As a result, they miss out giving mandatory disclosures as required by IFRSs.

This research has identified that professional education and learning has relationship with awareness of reporting responsibilities and in turn awareness of reporting responsibilities has positive relationship with performance of these responsibilities.

This report recommends management to recruit employees from professional education and regularly arrange training programs for them in order to keep them updated with the recent changes in IFRSs and reporting requirements in order to comply with all the financial reporting requirements. This will result in compliance with the requirements of financial reporting standards. Management should create a culture of knowledge sharing in their organization and clearly communicate their intention for transparency and fairness in the financial reporting.

Part-A: Preface

1. Objective of the report

Objectives of this report are:

- To understand why management is responsible for financial reporting;
- To understand the responsibilities of management over financial reporting;
- To understand the how these responsibilities arising from;
- To understand the level of awareness of management for these responsibilities;
- To understand whether the managements are complying with their responsibilities;
- To identify the issues management might face while exerting their responsibilities;
- To provide some recommendations on the existing audit practice.

2. Organization of the report

The report consists of six (7) parts. The first part, Preface, talks about the origin and the background of this report. Introduction of financial reporting, which is the second part of this report, defines the financial reporting and its purpose. Third part identifies the financial reporting responsibilities arising from legal and financial reporting framework. The fourth part is an analytical approach aiming to understand the awareness of management responsibilities over financial reporting. The fifth part is about findings of the study, its recommendation to solve the identified issues and the conclusion of the report. The sixth part of the report is bibliography which shows the source of information used in the report. Finally, seventh and the last part of the report contain the annexures which are not directly involved to the study but useful to understand the report.

3. Source of information

To complete the report, both primary and secondary information has been used. Primary information is mostly my own experience from auditing, interview with different personnel from the audit firm A. Qasem & Co. Chartered Accountants, interview of management from different organization. Secondary source of information includes journals published by ICAB, study manuals of ICAB, ACCA, different books, online journals, Global Audit Methodology (GAM) of Ernst & Young LLP, Financial statements and annual report of various companies, different newspaper, magazines, websites and many more.

4. Limitation

Work pressure at the audit firm is very high. Being an employee of the firm, I had to share time for the report work with my daily responsibilities as an employee. Moreover, resource related to the study was limited because there is not much work done in order to understand the management awareness about reporting responsibilities. There were lots of resources used in the report without mentioning proper source. This is because the resources was obtained by my during my audit work under the condition of strict confidentiality. According the auditor-client privilege and ethical requirement of professional bodies like ICAB, IFAC and IESBA and the audit firm, I am restricted to disclose this information.

Part-B: Introduction to Financial Reporting

5. Introduction

Financial reporting is one of the key tools to communicate the financial performance of an entity to the intended users. Stakeholders reports heavily in the financial information to evaluate their investment and ownership in the corporations. Financial reports create a platform for financial analysis which enables comparability among different entities as well as provides a basis for economic decisions. Almost all the economic decisions around the world are based on the financial information communicated through financial reporting.

The world has witnessed collapse of large corporations throughout the history. Most of these corporation has collapsed either due to being nationalized by government or due to becoming insolvent/bankrupt. In recent years the rate of business collapse has increased significantly. In last couple of decades, many corporates have collapsed with scandals involved false or inappropriate accounting and financial reporting. This raised concern of all stakeholders over the existing financial reporting and audit practice.

As part of addressing the threat of business collapse due to financial fraud or misreporting, regulators have started to issue various directives and started imposing various requirements to improve the financial reporting and audit practice. In addition to the regulators, international standard setters and professional bodies has started to replace the financial reporting standards with updated or revised standards narrowing down the scope of errors or misstatements in financial reporting. Most of the national standard setters has adopted a uniform financial reporting standard for enhancing comparability and ease of understanding the financial statements.

However, despite many efforts from government, regulators, international standard setters and local professional bodies, there are still many incidents of misstatements in financial reporting. Sometimes these misstatements are cause due to management intention to overstate the financial performance or to avoid tax burden or avoid financial covenants. Sometimes these

No matter why the misstatements occurs, most of the time auditors are blamed for not performing the audit properly. Very often, the fact is often ignored that auditor have to relay on the information provided by the management. Even if management provides representation that they have provided all the information, it is possible that management is intentionally providing incorrect information or mislead the auditors. However, it is often the case that management is not aware of their responsibilities related to financial reporting which are arising either from legal requirement or from the financial reporting standards.

Successful financial report depends heavily on management awareness of their responsibilities including disclosure requirements. Awareness of the responsibilities in turn depends on the educational qualification, experience, organization culture, industry practice and the legal consequence.

This paper aims to understand the responsibilities of management over financial reporting and sources of these responsibilities arises. This paper also aims to understand/measure the awareness of management responsibilities over financial reporting.

6. Definition of financial reporting

Financial reporting is typically considered as issuance of financial statements by the companies. A set of general-purpose financial statements include a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, and a statement of cash flows along with related disclosure notes. But financial reporting is much broader than just as set of financial statements.

Financial reporting is a process of communicating all financial information from the business to outside users which includes press briefings, meeting minutes, management letters, financial analysis, auditor reports, and even the notes of the financial statements. In short, anything that may convey financial information to the public is considered financial reporting in some form.

According to hostanalytics.com, Financial reporting is the disclosure of financial results and related information to management and external stakeholders (e.g., investors, customers, regulators) about how a company is performing over a specific period of time.

Financial reporting could be either for external users and stakeholders or for the internal users like management, employees and consultants. External reporting is two categories. First category is voluntary reporting where business voluntarily disclose business information for public. E.g. dividend declaration information, business growth, major achievements, sharing financial statements in newspapers etc. Second category of external reporting is mandatory reporting where companies are required to disclose financial information. For example, sharing financial statements to shareholders in AGM, Statutory filling of annual financial statements.

7. Origin of financial reporting

Financial reports are directly related from the underlying business transactions. That's why financial reporting is closely related with accounting. History of financial reporting started when men first started doing business with intention to make profit. In order to make business decision, men needed various financial reports based on business transactions. Obviously, the financial reports were not much detailed as it was prepared for and by the businessmen themselves. As business progressed throughout the time, method of accounting has improved along with the financial reporting and disclosure process.

When industrial revolution began. Business started to grow. Owners needed to finance the growth. These growths were financed by the investors either in equity or in debts. Investors needed various financial information to evaluate the business before making the investment decisions. Also, investors required the financial information to evaluate the investment performance and to compare the performance of various business from various industry sectors. Furthermore, financial reporting was required to determine the income tax charged on the business income arising from various industries. In 1917, the US Federal Reserve published "Uniform Accounting," a document that attempted to set industry standards for how financials should be organized both for reporting tax and for financial statements. However, there were no laws to back the standards, so they had little effect. (BEATTIE, 2018)

In 1929, New York Stock Exchange witnessed massive stock market crash which lead to the great depression which has exposed gigantic accounting frauds by large listed companies. As a result, in 1933, regulators have taken stricter measures which includes the independent audit of a company's financial statements by public accountants before being listed on the exchange. In order to avoid fraud in financial reporting, the US SEC has decided to establish accounting standards which it accomplished by delegating the responsibility to a series of committees and boards including AIA, CAP, AICPA and APB. In 1973, Financial Accounting Standard Board (FASB).

Similar to US, other part of the world felt the necessity of a uniform accounting standards for financial reporting. At the same time of formation of FASB, professional bodies of Australia, Canada, France, Germany, Japan, Mexico, Netherlands, UK and US had a mutual agreement and founded The International Accounting Standards Committee (IASC) in London. (International Accounting Standards Committee, 2018). IASC was responsible for developing the International Accounting Standards and promoting the use and application of these standards across the world.

In 2001, International Accounting Standards Board (IASB) was founded under International Accounting Standards Foundation (IASF) and replaced the International Accounting Standards Committee (IASC). IASB initially adopted standards issued by IASC and over time replaced them by issuing new standards under the name “International Accounting Standards (IAS)”.

In 2010, International Accounting Standards Foundation (IASF) has renamed to IFRS Foundation and started to issue accounting standards as "International Financial Reporting Standards (IFRS) to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries.

As business are expanding throughout the world, there has been growing trend of international shareholding and trading in multiple countries. This necessitates comparability, understandability, reliability and relevance of financial reports of the business for the users internal or external. As a result, national standard setters started to replace their national accounting standards and adopt IFRS as national financial reporting standards. Currently, IFRS has been followed in 166 jurisdictions (Who uses IFRS Standards?, n.d.).

8. Purpose of financial reporting

The objective of general-purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decision involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit (The Conceptual Framework of Financial Reporting, 2010). To be useful, financial information must be relevant, reliable, and comparable. These basic accounting concepts and principles are part of the foundation for the financial reports that companies present (Horngren, Harrison Jr., & Oliver, 2012).

The concept statement no. 1 of FASB has highlighted following purpose of financial reporting:

- Financial reporting is intended to provide financial information useful in making business and economic decisions.
- The information should be comprehensible to those having a reasonable understanding of business and economic activities. These individuals should be willing to study the information with reasonable diligence.
- Financial reporting should be helpful to users in assessing the amounts, timing, and uncurtaining of future cash flows.
- The primary focus is on information about earnings and its components.
- Information should be provided about the economic resources of an enterprise and the claims against those resources.

  (Gibson, 2013)

9. Role of management and auditors in financial reporting

From the industrial revaluation, when business started to expand, ownership started to separate from the company management. It was not possible for owners to manage all of business from diverse location across the world. Raise of company concept assisted the separation process of management from ownership of business. Investor found that it is easier and beneficial for them to buy stock of an artificial entity rather than getting involved in business operation. Moreover, owners faced limitation in business knowledge and expertise. They started to hire expert employees who were given charge of managing the business. All these caused management of business separated from ownership.

When management and ownership has been separated. Management started to report financial performance to the shareholders after particular period of time. But soon agency problem started to arise where management started to spend more for themselves instead of focusing to generate more profit for the owners. Management started to feed dressed up financial statements. Owners felt the necessity to confirm, the financial information reported by the management, through an independent third party who are equally knowledgeable and expert in business operation. This is how concept of auditing has started.

These independent third-party auditors were hired by the owners to confirm and review of the financial information reported and prepared by the management. Since then, responsibilities of preparation of financial information and furnishing it to the users rests with management and providing audit opinion on the financial information rests with auditors.

According to the international standards on auditing (ISA), Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ISA goes on to state that in preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

In addition to the ISA, The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company. Both ISA and the Companies Act make it responsibility of those charged with governance for overseeing the Company's financial reporting process.

The International standards on auditing (ISA) has also stated the responsibilities of auditors in financial reporting. Auditors are required to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Auditors are also responsible for issuing auditor's report that includes their opinion related to the financial statements they have audited.

Through their report, they provide wither reasonable assurance or limited assurance to the users of the financial statements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors exercise professional judgement and maintain professional scepticism throughout the audit while they identify and assess risks, obtain understanding of business and collect evidence, evaluate entity policies.

Financial reporting is always in a state of changes. According to Paul Rosenfield, Financial reporting and its practice is a learned profession which requires knowing more than simply its rules. While discussing about the responsibilities over financial reporting, Paul, in his book 'Contemporary Issues in Financial Reporting: A User-Oriented Approach', mentioned that responsibilities of any financial reporter is to keep current on challenges to those rules, to the existing state.

Financial reporting is generally done for the external users to provide detailed information about financial performance of the enterprise as well as other relevant financial information

not reported in the financial statements. However, financial reporting can also be useful for the internal users as they will be able to get better insights from these financial reporting. No matter who is the user of the financial reporting, information contained in the financial reports need to be accurate and fairly presented.

10. Responsibilities of management arising from legal framework

Primary responsibilities of management are set by the law of land. Applicable law depends of the types of entity and the regulatory laws. This paper focus on the responsibilities of management of Limited company. For companies, following responsibilities has been set by legal framework

Responsibilities of management set by the Companies Act, 1994

- Every company shall keep proper books of account with respect to-
  - all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure take place;
  - all sales and purchases of goods by the company;
  - the assets and liabilities of the company; and
  - in the case of a company engaged in production, distribution, marketing, transportation, processing, manufacturing, milling extraction and mining activities, such relating to utilisation of material, labour and other items of overhead cost. Preparation of financial statements for a period of one year;

- The books of account of every company relating to a period of not less than twelve years immediately preceding the current year together with vouchers relevant to any entry in such books of account shall be preserved in good order;

- Sharing the financial statements with Shareholders in AGM;

- The board of directors shall also be bound to give the fullest information and explanations in its report aforesaid on every reservation, qualification or adverse remark contained in the auditor's report in the annual general meeting.

- The balance sheet of a company shall contain a summary of the property and assets and of the capital and liabilities of the company giving a true and fair view of affairs as at the end of the financial year.

- The balance sheet shall, subject to the provisions of this section be in the forms set out in Part-1 of Schedule 1 or as near thereto as circumstance admit or in such other form as may be approved by the Government either generally or in any particular case; and in preparing the balance sheet due regard shall be had, as far as may be, to the general instructions for preparation of balance sheet under the heading "Notes" at the end of the Part.

- Every profit and loss account of a company shall give a true and fair view of the profit and or loss of the company for the financial year and shall, subject as aforesaid, comply with the requirements of Part II of Schedule XI so far as applicable thereto.

- The Government may, on the application or with the consent of the Board of Directors of the company, by order, modify in relation to that company of the requirement of this Act as to the matters to be stated in the balance-sheet or profit and loss account for the purpose of adopting them to the circumstances of the company.

- The balance sheet and the profit and loss account of a company shall not be treated as not disclosing a true and fair view of the state of affairs of the company merely be reason of the fact that they do not disclose-

    i. in the case of an insurance company, any matters which are not required to be disclosed by the Insurance Act, 1938 (IV of 1938);
    ii. in the case of a banking company, any matters which are not required to be disclosed by the
    iii. in the case of a company engaged in the generation or supply of electrify, any matters which are not required to be disclosed by the Electricity Act, 1910 (IX of 1910);
    iv. in the case of a company governed by any other law for the time being inf force, any matters which are not requiring to be disclosed by such law;

v. in the case of any company, any matters which are not required to be disclosed by the provisions contained in Schedule XI or by virtue of the notification issued under sub-section (3) or an order issued under subsection (4).

- Balance sheet of a company should consolidate the financial statements of its subsidiaries and attach the financial statements of the subsidiaries with its own Financial Statements.

- The financial statements of parent company shall specify in its financial statements
  i. the extent of the holding company's interest in the subsidiary at the end of the financial year or at the end of the last of the financial years of the subsidiary.
  ii. the net aggregate amount, so far as it concerns members of the holding company and is not dealt with in the company's accounts, of the subsidiary profits after deducting its losses or vice-versa.
  iii. the nest aggregate amount of the profits of the subsidiary after deducting its losses or vice-versa.
- Every balance sheet, and every profit and loss account or income and expenditure account shall be signed on behalf of the Board of Directors.
- Every company being a limited Banking company or an insurance company for a deposit, provident or benefit society shall, before, it commences bushiness, and also on the first Monday in February and the First Monday in August in every year during which it carries on business make a statement herein after referred to as the said statement in the form as in Schedule XII, or as near thereto as circumstances will admit.

Responsibilities of management set by the Bank Companies Act, 1991

- Management shall prepare financial statements at the end of each English calendar year.
- Management shall prepare financial statements in accordance with the financial reporting standards as issued/adopted under the Financial Reporting Act, 2015.
- Management shall comply with the format provided in schedule 11 of the companies act while preparing its financial statements so far it does not contradicts with the requirement of the Bank companies act.

Responsibilities of management set by the Financial Institutions Act, 1993

- Directors of financial institutions shall prepare financial statements as the requirements of the Companies Act, 1994.

- Sharing the financial statements with Shareholders in AGM;

Responsibilities of management set by the Insurance Act, 2010

- Insurer shall prepare different books of accounts for each class of business conducted under the Insurance Act, 2010.

- Life insurance business shall transfer all of its cash in a separate fund under the name Life Insurance Fund.

Responsibilities of management set by Corporate governance guidelines of BSEC

As per the corporate governance code issued by BSEC on 03 June 2018, The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):

- An industry outlook and possible future developments in the industry;
- The segment-wise or product-wise performance;
- Risks and concerns including internal and external risk
- factors, threat to sustainability and negative impact on environment, if any;
- A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;
- A discussion on continuity of any extraordinary activities and their implications (gain or loss);
- A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;
- A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;
- An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing,

11. Responsibilities of management arising from reporting framework

Most of the responsibilities are arising from International Financial Reporting Standards (IFRSs). Responsibilities from the individual reporting standards are discussed below:

IAS 1: Presentation of Financial Statements

Complete set of financial statements:

- Management should prepare financial statements comprising the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information

- Management should provide comparative information for the preceding period.

Fair presentation and compliance with IFRSs

- Management shall prepare financial statements such a way that present fairly the financial position, financial performance and cash flows of the entity.

- Management should make an explicit and unreserved statement of such compliance in the notes.

Going concern

- When preparing financial statements, management shall assess an entity's ability to continue as a going concern.

- An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so.

Accrual basis of accounting

- An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.

Materiality and aggregation

- An entity shall present each material class of similar items separately in the financial statements.

- An entity shall present separately items of a dissimilar nature or function unless they are immaterial.

Offsetting

- An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

- An entity shall present gains and losses arising from a group of similar transactions (e.g. foreign exchange gains and losses or gains and losses arising on financial instruments held for trading) on a net basis unless the gains and losses are material, in which case the entity shall present such gains and losses separately.

Frequency of reporting

- Management shall prepare financial statements for reporting period of one year.

- If management selects to prepare financial statement for longer or shorter than one year, management should provide the reason in disclosure notes.

Comparative Information

- Except when IFRSs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements.

- Management shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

Consistency of presentation

- Management shall retain the presentation and classification of items in the financial statements from one period to the next.

- Management shall change the presentation if there are any significant changes in entity's operation, or alternative classification would be more appropriate or an IFRS requires changes in presentation.

Identification of the financial statements

- Management shall clearly identify the financial statements and distinguish them from other information in the same published document.

- Management shall clearly identify each financial statement and the notes.

- Management shall display the name of the reporting entity, whether the financial statements are consolidated or stand alone, period covered in the financial statements, presentation currency and level of rounding used in presentation of amounts etc. prominently and repeat it when it is necessary for the information presented to be understandable.

Information to be presented in the statement of financial position

- The statement of financial position shall include line items with amount for property, plant and equipment; investment property; intangible assets; financial assets; group of contracts; investments under equity methods, biological assets; inventories, trade and other receivables; cash and cash equivalents; total of assets classified under held for sale; trade and other payable; provision; financial liabilities; deferred tax assets and liabilities; non-controlling interest; issued capital and reserved as part of owners' equity.

- Management shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position except when a presentation based on liquidity provides information that is reliable and more relevant.

- Management shall classify an asset as current when it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle; it holds the asset primarily for trading; it expects to realise the asset within twelve months after the reporting period; or the asset is cash or a cash equivalent (as defined in IAS 7 Statement of Cash Flows), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

- Management shall classify a liability as current when it expects to settle the liability in its normal operating cycle; it holds the liability primarily for trading; the liability is due to be settled within twelve months after the reporting period; or it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could at the option of the counterparty result in its settlement by the issue of equity instruments do not affect its classification.

Information to be presented in the statement of profit or loss and other comprehensive income

- The statement of profit or loss and other comprehensive income shall present, in addition to the profit or loss and other comprehensive income sections, profit or loss, total other comprehensive income; comprehensive income for the period, being the total of profit or loss and other comprehensive income.

- Management shall present revenue, interest revenue, and exchange gains separately;

- Management shall present Expenses, exchange losses, impairment losses, finance cost separately;

- Management shall disclose the amount of income tax relating to each item of other comprehensive income, including reclassification adjustments, either in the statement of profit or loss and other comprehensive income or in the notes.

- Management may present reclassification adjustments in the statement(s) of profit or loss and other comprehensive income or in the notes.

- Management presenting reclassification adjustments in the notes, presents the items of other comprehensive income after any related reclassification adjustments.

- Management shall present an analysis of expenses recognised in profit or loss using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant.

- Management classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefits expense.

Information to be presented in the statement of changes in equity

- Management shall present a statement of changes in equity as required by paragraph 10 of IAS 1 which will include total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests; for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with IAS 8; and for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately (as a minimum) disclosing changes resulting from profit or loss and other comprehensive income.

- For each component of equity management shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

- Management shall present the number of dividends recognised as distributions to owners during the period, and the related number of dividends per share either in the statement of changes in equity or in the notes.

Structure of notes

- Management shall prepare notes which present information about the basis of preparation of the financial statements and the specific accounting policies; disclose the information required by IFRSs that is not presented elsewhere in the financial statements; and provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them.

- Management shall disclose its significant accounting policies comprising the measurement basis (or bases) used in preparing the financial statements; and the other accounting policies used that are relevant to an understanding of the financial statements.

- Management shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Management presents the disclosures related to information about the assumptions in a manner that helps users of financial statements to understand the judgements management makes about the future and about other sources of estimation uncertainty.

- Management shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

- Management shall disclose in the notes about information related to the number of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period, and the related amount per share; and the amount of any cumulative preference dividends not recognised.

- If not disclosed elsewhere in information published with the financial statements, Management shall disclose the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office); a description of the nature of the entity's operations and its principal activities; the name of the parent entity and the ultimate parent of the group; and if it is a limited life entity, information regarding the length of its life.

IAS 2: Inventories

While preparing the financial statements, management shall disclose:

- the accounting policies adopted in measuring inventories, including the cost formula used;

- the total carrying number of inventories;

- the carrying number of inventories in classifications appropriate to the entity;

- the carrying number of inventories carried at fair value less costs to sell;

- the number of inventories recognised as an expense during the period;

- the amount of any write-down of inventories recognised as an expense in the period in accordance with paragraph 34 of IAS 2;

- the amount of any reversal of any write-down that is recognised as a reduction in the number of inventories recognised as expense in the period in accordance with paragraph 34 of IAS 2;

- the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph 34 of IAS 2; and

- the carrying number of inventories pledged as security for liabilities.

IAS 7: Statement of Cash Flows

- Management shall prepare a statement of cash flows in accordance with the requirements of IAS 7 and shall present it as an integral part of its financial statements for each period for which financial statements are presented.

- Management shall report cash flows during the period classified by operating, investing and financing activities in the statement of cash flows.

- Management shall report cash flows from operating activities using either the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

- Management shall report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities.

- Cash flows arising from interest and dividends received and paid shall each be disclosed separately.

- Cash flows from interest and dividends received and paid shall each be classified in a consistent manner from period to period as either operating, investing or financing activities.

- Cash flows arising from taxes on income shall be separately disclosed.

- Cash flows arising from taxes on income shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities.

- Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from the statement of cash flows.

- Investing and financing transactions that do not require the use of cash or cash equivalents shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.

- Management shall disclose the components of cash and cash equivalents.

- Management shall present a reconciliation of the amounts for cash and cash equivalents in its statement of cash flows with the equivalent items reported in the statement of financial position.

- Management shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

- Management shall disclose changes of any accounting policies during the reporting period due to the initial application of a standard.

- Management shall disclose if they have not applied a new IFRS that has been issued but is not yet effective.

- Management shall disclose change any accounting estimate that influences the current or future reporting periods.

IAS 10: Events after the Reporting Period

- Management shall disclose about dividends declared after the reporting period but before the financial statements are authorised for issue.

- Management shall disclose the date when the financial statements were authorised for issue and who gave that authorisation.

- Management shall disclose about the information received after the reporting period about conditions that existed at the end of the reporting period.

- Management shall disclose about any non-adjusting events occurred after the reporting period but before the financial statements are authorised for issue.

IAS 12: Income Taxes

- Management shall offset current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

- An entity shall offset deferred tax assets and deferred tax liabilities if, and only if the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

- The tax expense (income) related to profit or loss from ordinary activities shall be presented as part of profit or loss in the statement(s) of profit or loss and other comprehensive income.

- Management shall separately disclose the major components of tax expense(income) including the aggregate current and deferred tax relating to items that are charged or credited directly to equity; the amount of income tax relating to each component of other comprehensive income; n explanation of changes in the applicable tax rate(s) compared to the previous accounting period; the amount (and expiry date, if any) of deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognised in the statement of financial position; the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, for which deferred tax liabilities have not been recognised;

- Management shall disclose any tax-related contingent liabilities and contingent assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

IAS 16: Property, Plant and Equipment

- Management shall disclose the opening balance of cost of assets, addition during the year, disposal during the year for different class of assets;

- Management shall disclose the opening balance of accumulated depreciation of assets, depreciation charged during the year, depreciation removed for disposed assets and the closing balance of accumulated depreciations for different class of assets;

- Management shall disclose the written down value for different class of assets.

- Management shall disclose about whether the entity have any obligations to dismantle, remove and restore items of property, plant and equipment (commonly referred to as 'decommissioning, restoration and similar liabilities').

- Management should disclose about the useful life of assets and depreciation rate for different classes of assets.

IAS 19: Employee Benefits

- Management should disclose about short-term employee benefits provided;

- Management should disclose whether the entity participate in any defined benefit plans for post-employment benefits;

- Management should disclose whether the entity participate in any defined contributions plans for post-employment benefits;

- Management should disclose whether the entity provide any other long-term employee benefits;

- Management should disclose whether the entity offer or grant any termination benefits.

IAS 21: The Effects of Changes in Foreign Exchange Rates

- Management should disclose about the presentation currency in the financial statements;

- Management should disclose about its functional currency for day to day operation;

- Management should disclose about the differences arising from functional currency and transactional currency;

- Management should recognize the exchange differences arising from translating the financial statements to a different presentation currency.

IAS 23 Borrowing Costs

- Management should disclose the amount of borrowing costs capitalised during the period;
- Management should disclose the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation.

IAS 24: Related Party Disclosures

- Management should disclose whether the entity controlled by another entity or an individual.
- Management should disclose the name of its parent and, if different, its ultimate controlling party.
- Management should disclose related party transactions and outstanding balances with related parties, including compensation for its key management personnel.

IAS 36: Impairment of Assets

- Management should disclose whether entity recognise any impairment losses, or reversals of impairment losses, during the period.

IAS 37: Provisions, Contingent Liabilities and Contingent Assets

- Management should recognized provision only when it meets the criteria under IAS 37.
- Management should disclose whether entity have any contingent assets or reimbursements.
- Management should disclose whether entity have any contingent liabilities.

IAS 38: Intangible Assets

- Management should disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets whether the useful lives are indefinite or finite.
- Management should disclose the useful lives, or the amortisation rates used for intangible assets with finite useful lives.

- Management should disclose the amortisation methods used for intangible assets with finite useful lives.
- Management should disclose the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period.
- Management should disclose the line item(s) of the statement of comprehensive income in which any amortisation of intangible assets is included.
- Management should disclose a reconciliation of the carrying amount at the beginning and end of the period showing additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations.

IFRS 9: Financial Instruments

- Management should disclose the entity applied IFRS 9.
- Management should disclose gain or losses arising from financial instruments.
- Management should disclose the classification of financial instruments.
- Management should disclose the impact of any changes arising from interest rate risk, liquidity risk and market risks.

IFRS 13: Fair Value Measurement

- Management should disclose whether the entity have assets or liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition
- Management should disclose whether the entity have assets or liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed.

IFRS 15: Revenue from Contracts with Customers

- Management should disclose the opening and closing balances related to contracts with customers (if not otherwise separately presented or disclosed) for: – contract assets – contract liabilities – receivables from contracts with customers.

- Management should disclose the amount of revenue recognised in the current period that was included in the opening contract liability balance.

- Management should disclose the amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods – e.g. changes in transaction price.

- Management should provide an explanation of the significant changes in the balances of contract assets and contract liabilities, including both qualitative and quantitative information.

- Management should disclose the judgements and changes in judgements made in applying the new standard that affect the determination of the amount and timing of revenue recognition – specifically, those judgements used to determine the timing of the satisfaction of performance obligations, the transaction price, and amounts allocated to performance obligations

IFRS 16: Leases

- Management should disclose whether the entity applying IFRS 16 for the first time and whether the entity is lease or a lessor.

- Management should disclose Lease-related expense, income from sublease of right of use assets, total cash outflows for leases.

- Management should disclose the right of use assert and any addition to it.

- Management should disclose the gains or losses arising from sale and leaseback transactions.

- Management should disclose the class of underlying assets, commitment for short term leases maturity analysis of lease liabilities, future cash outflows to which lease is potentially exposed that are not reflected in the measurement of lease liabilities.

- Management should disclose the sale and leaseback transactions.

- Management should disclose about the restrictions or covenants imposed by leases.

Part-C: Measuring awareness of management responsibilities

12. Objective of the study

The objective of this report was to measure the level of managements' awareness of their responsibilities over financial reporting. This study focuses on whether the manages are aware of their responsibilities over financial reporting or they are intentionally ignoring their responsibilities.

13. Hypothesis

Following hypothesis has been constructed for study

Hypothesis 1:

H_0: Management are not aware of their responsibilities over financial reporting arising from new IFRSs.

H_1: Management are aware of their responsibilities over financial reporting arising from new IFRSs.

Hypothesis 2:

H_0: Management are not performing their responsibilities over financial reporting

H_1: Management are performing their responsibilities over financial reporting

14. Research Methodology

In order to conduct my research, a survey questionnaire was developed to collect my primary data. Questionnaire included close ended questions in the questionnaire. For the purpose of this study, two sources have been used. As primary sources, survey questionnaire has bene used. As secondary Source information has been collected from internet and search websites, links, e-newspapers, e-magazines, e-books etc. to get better information on the topic. Also references from journals, newspaper articles, and publications has been taken as secondary sources.

INDEPENDENT VARIABLES	DEPENDENT VARIABLES
• Professional education & training • Organization culture • Management Intention	• Awareness of responsibilities • Performance of responsibilities

15. Sample Design and data collection

Sample size of this study has been selected as 15. A survey questionnaire has been developed which has been shared with through google forms and was sent via email to the senior executives of various companies. Their response has been collected through email and the google form and accumulated to an excel file on which data analysis has been performed.

16. Data Analysis Method

For data analysis SPSS software & MS Excel has been used. On these data frequency analysis, normality test and causal methods like frequency analysis, correlation analysis, regression analysis has been performed.

Part-D: Measuring awareness of management responsibilities

17. Frequency distribution

Gender

Table 1 Gender of respondents

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	15	100.0	100.0	100.0

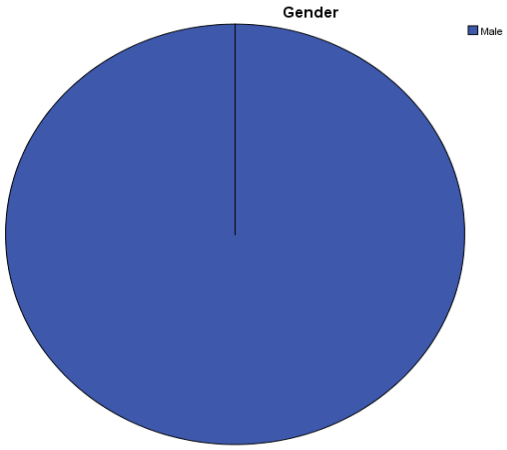

Figure 1 Pie chart showing gender of respondents

Data Analysis

All respondents of survey questionnaire were male. No female responded to the questionnaire.

Interpretation

Result of survey analysis will only be based on male respondents.

Job level

Table 2 Job level of respondents

Job Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Entry Level	3	20.0	20.0	20.0
	Mid-Level	6	40.0	40.0	60.0
	Top Level	6	40.0	40.0	100.0
	Total	15	100.0	100.0	

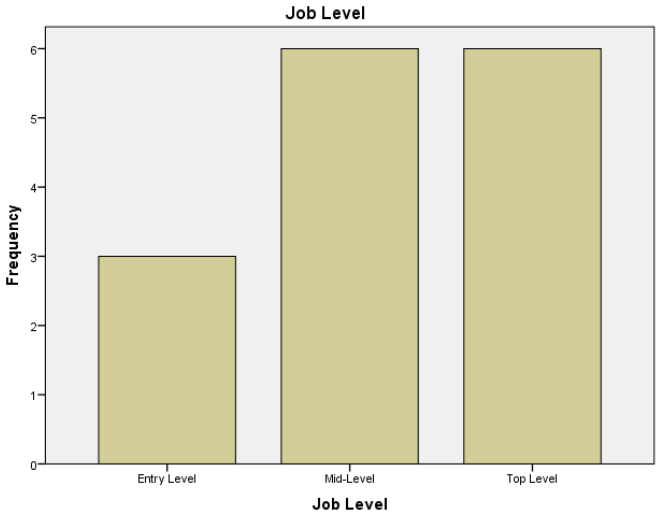

Figure 2 Bar chart showing Job level of respondents

Data Analysis

Out of the 15 respondents of survey, 20% respondents are from entry level position, 40% from mid-level positions and rest 40% from top level positions of various organizations.

Interpretation

Respondents are coming from all levels of the job positions.

Years of experience

Table 3 Years of experience of the respondents

Years of Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5	6	40.0	40.0	40.0
	6-10	3	20.0	20.0	60.0
	11-15	3	20.0	20.0	80.0
	16-20	2	13.3	13.3	93.3
	Over 21	1	6.7	6.7	100.0
	Total	15	100.0	100.0	

Figure 3 Bar chart showing respondents' years of experience

Data Analysis

Out of the 15 respondents of survey, 40% respondents have experience from 0 to 5 years, 20% respondents have 6 to 10 years of job experiences, another 20% have experience of 11 to 15 years are from entry level position 13.3% have 16 to 20 years of experience and 6.7% has over 20 years of experience.

Interpretation

Respondents of the survey have job experience from 0 to over 21 years. Respondents have good mix of experience

Professional Qualification

Table 4 professional qualification of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Qualified Professional	3	20.0	20.0	20.0
	Partly Qualified	10	66.7	66.7	86.7
	Not from professional accounting background	2	13.3	13.3	100.0
	Total	15	100.0	100.0	

Figure 4 Bar chart showing professional qualification of the respondents.

Data Analysis

Out of the 15 respondents of survey, more than 66% respondents are partly qualified accountants and 20% are qualified accountants. Rest 6.7% is not from professional background.

Interpretation

Almost all of the respondents are having somewhat professional qualification background. Majority of the respondents are partially qualified accountants.

Organization Type

Table 5 Organization respondents coming from

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Locally owned company	6	40.0	40.0	40.0
	Foreign Subsidiary	8	53.3	53.3	93.3
	Other than company	1	6.7	6.7	100.0
	Total	15	100.0	100.0	

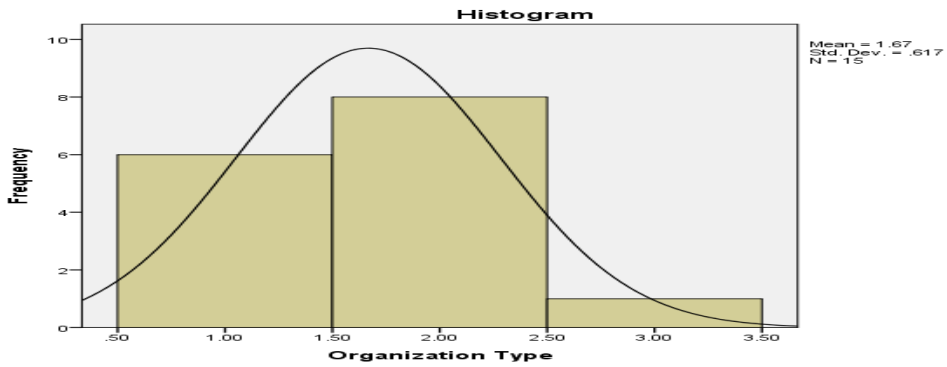

Figure 5 Histogram showing organizations respondents' coming from

Data Analysis

Out of the 15 respondents of survey, 53.3% respondents are currently employed in subsidiary of foreign company, 40% are employed in locally owned company and 6.7% are currently employed in organizations other than company.

Interpretation

Almost all of the respondents are currently employed in company and more than half of the respondents are currently employed in subsidiary of foreign company.

Requirement of professional education & training

Table 6 requirement of professional education & training

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	12	80.0	80.0	80.0
	Agree	2	13.3	13.3	93.3
	Strongly Disagree	1	6.7	6.7	100.0
	Total	15	100.0	100.0	

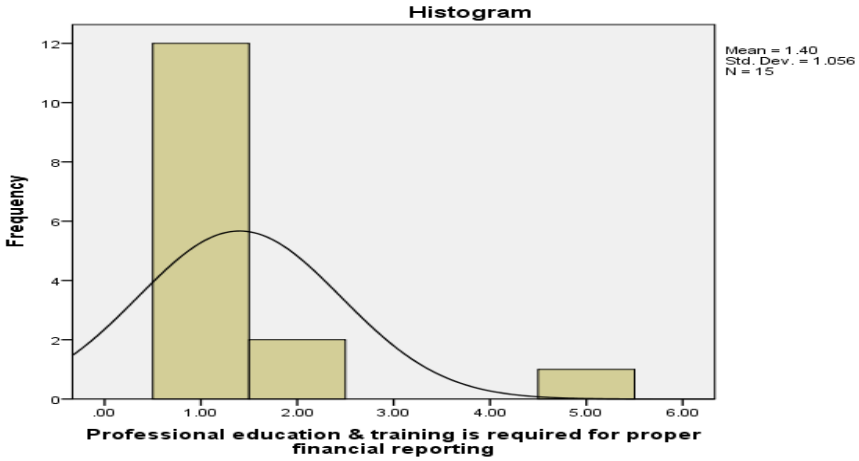

Figure 6 Histogram showing response on requirement of professional education & training

Data Analysis

Out of the 15 respondents of survey, more than 93.3% of respondents agree that professional education & training is required for proper financial reporting.

Interpretation

Almost all of the respondents agree that professional education and training is necessary for properly make the financial reporting.

Respondents undergoing training

Table 7 frequency analysis on respondents undergoing training

I actively undergo professional learning to develop my expertise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	7	46.7	46.7	46.7
	Agree	4	26.7	26.7	73.3
	Neutral	2	13.3	13.3	86.7
	Disagree	2	13.3	13.3	100.0
	Total	15	100.0	100.0	

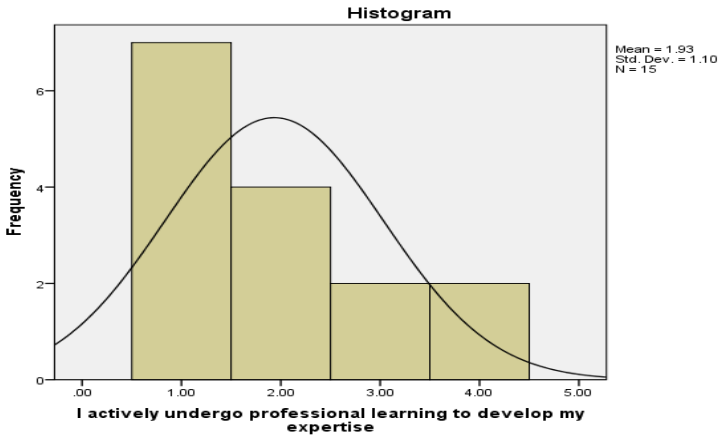

Figure 7 Histogram showing response on respondents undergoing training

Data Analysis

Out of the 15 respondents of survey, 73.4% respondents have reported that they actively undergo professional learning to develop their expertise. 2 of the respondents remain neutral and 2 of the respondents mentioned they do not actively undergo training programs.

Interpretation

Most of the respondents like to update their expertise over financial reporting and hence they actively like to undergo training programs.

Organization arranging training on IFRSs

Table 8 frequency analysis on respondents' organization arranging training on IFRS

My organization regularly arranges training session on application of IFRSs in recording and reporting of financial transaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	2	13.3	13.3	13.3
	Neutral	6	40.0	40.0	53.3
	Disagree	1	6.7	6.7	60.0
	Strongly Disagree	6	40.0	40.0	100.0
	Total	15	100.0	100.0	

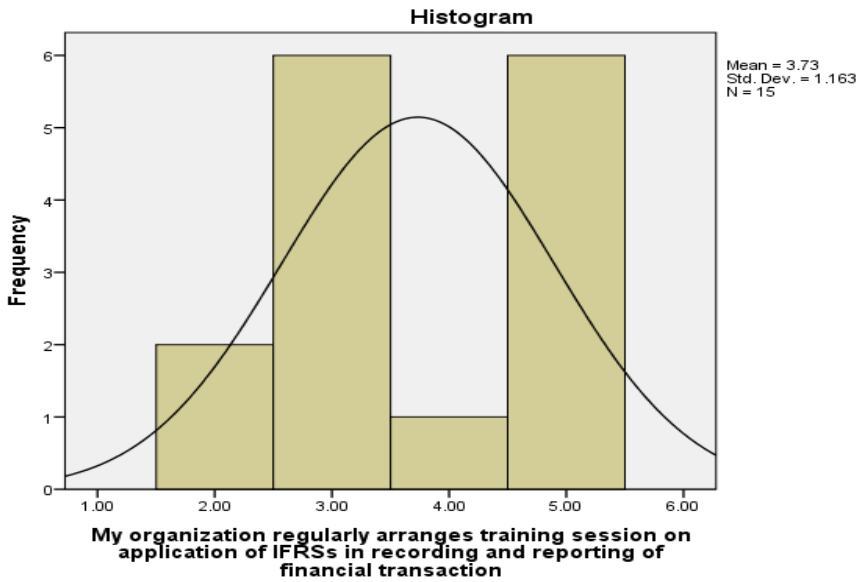

Figure 8 Histogram showing respondents' organization arranging training on IFRS

Data Analysis

Out of the 15 respondents of survey, 2 respondents agreed that their organization arranges training on IFRS where 7 of the respondents reported that their organization does not arranges training on IFRS. Rest 6 responded remain silent on this matter.

Interpretation

This analysis shows that most of the organization do not arranges training on IFRS on order to improve expertise over financial reporting. Only handful organization arranges or facilitates IFRS trainings for their employees.

Organization arranging training on new IFRSs

Table 9 frequency analysis on respondents' organization arranging training on new IFRS

My organization arranges training session on new IFRSs and transition to new reporting standards.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	1	6.7	6.7	6.7
	Agree	3	20.0	20.0	26.7
	Neutral	2	13.3	13.3	40.0
	Disagree	3	20.0	20.0	60.0
	Strongly Disagree	6	40.0	40.0	100.0
	Total	15	100.0	100.0	

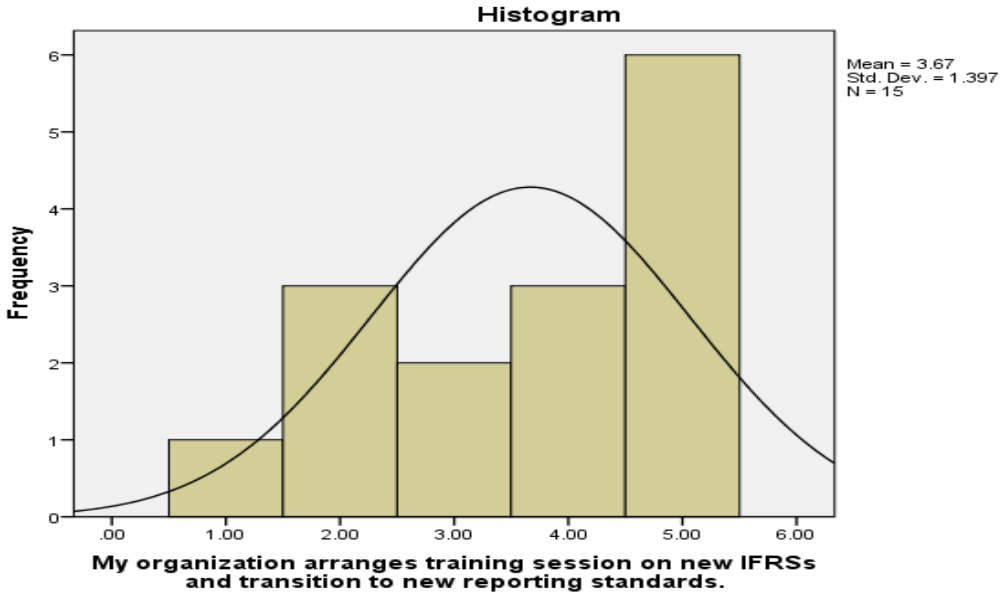

Figure 9 Histogram showing respondents' organization arranging training on new IFRS

Data Analysis

60% of the respondents has reported that their organization does not arranges training session on new IFRSs and transitions process to new standards. 13.3% remained neutral and only 26.7% respondents agreed that their organization arranges training on new IFRSs and its transition process.

Interpretation

As organization does not arranges training on new IFRSs, responsible might not be aware about their reporting responsibilities.

Sufficiency on professionally trained employees over financial reporting

Table 10 frequency analysis on sufficiency on professionally trained employees

My organization has necessary number of employees with professional education for financial reporting.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	2	13.3	13.3	13.3
	Agree	4	26.7	26.7	40.0
	Neutral	5	33.3	33.3	73.3
	Disagree	4	26.7	26.7	100.0
	Total	15	100.0	100.0	

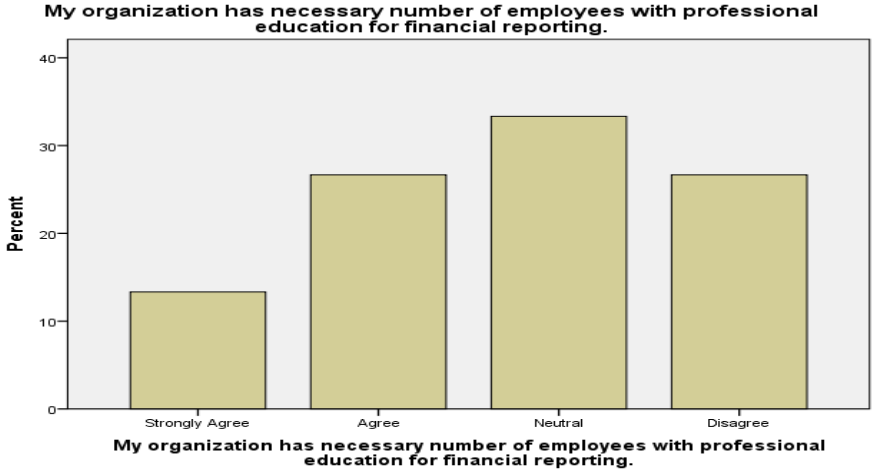

Figure 10 Bar Chart showing sufficiency on professionally trained employees

Data Analysis

Out of 15 respondents only 6 has reported that their organization has sufficient number of employees in their organization who are responsible for financial reporting. 5 respondents remained neutral whereas 4 respondents have disagreed with the statement.

Interpretation

Less than half of the respondents believe their organization has sufficient number of employees who are expert in financial reporting. However, most of the employees believe that there are not sufficient number of people with required expertise in financial reporting in their organization.

Transparency over financial reporting

Table 11 frequency analysis on transparency over financial reporting

My organization encourages transparency over financial reporting.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	11	73.3	73.3	73.3
	Agree	1	6.7	6.7	80.0
	Neutral	2	13.3	13.3	93.3
	Strongly Disagree	1	6.7	6.7	100.0
	Total	15	100.0	100.0	

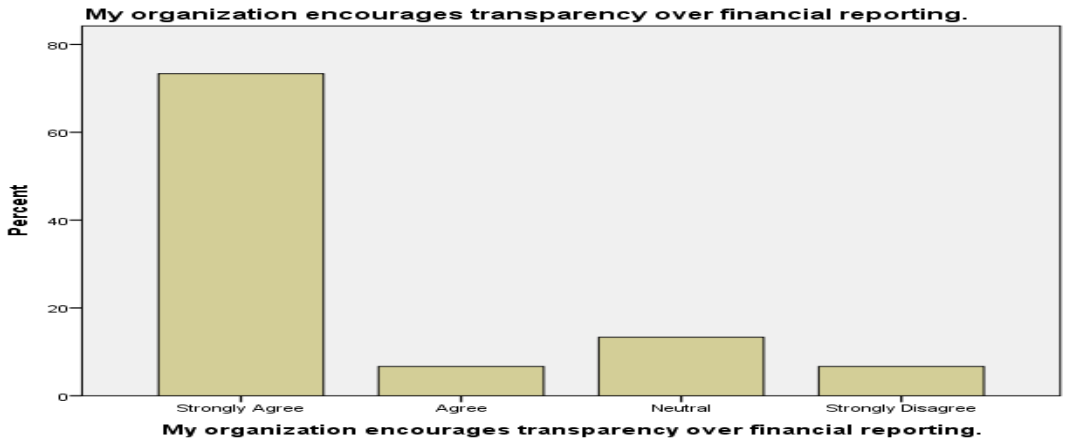

Figure 11 Bar Chart showing responses on transparency over financial reporting

Data Analysis

80% of the respondents has reported that their organization encourages transparency over financial reporting. 13% remained neutral over the matter. Only 1 respondent mentioned that his organization does not encourages transparency in financial reporting.

Interpretation

Most of the organization encourages their employees to be transparent and fair over financial reporting.

Intentionally ignoring mandatory disclosure requirements

Table 12 frequency analysis on intentionally ignoring mandatory disclosure requirements

My organization have never intentionally ignored mandatory disclosure requirements in the financial statements.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	53.3	53.3	53.3
	Agree	5	33.3	33.3	86.7
	Disagree	1	6.7	6.7	93.3
	Strongly Disagree	1	6.7	6.7	100.0
	Total	15	100.0	100.0	

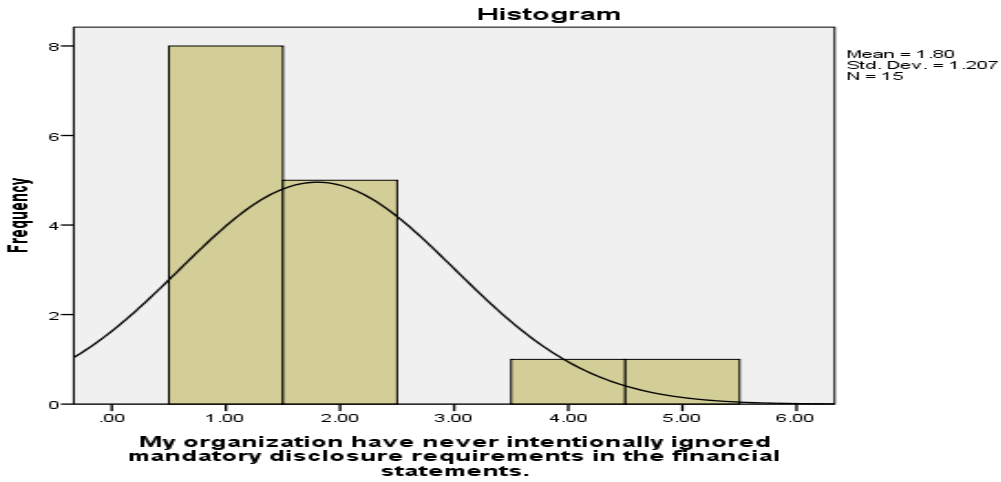

Figure 12 Histogram showing responses on intentionally ignoring mandatory disclosures

Data Analysis

More than 85% of the respondents has reported that their organization never intentionally ignored mandatory disclosure requirements in the financial statements. 1 respondent disagreed with the statement where 1 remained neutral.

Interpretation

Response to this question indicates that organizations generally does not intentionally ignore mandatory disclosures. In case any kind of disclosures are missed out due to lack of awareness regarding financial reporting.

Being aware of legal requirement over financial reporting

Table 13 frequency analysis on being aware of legal requirement over financial reporting

I am aware of legal requirements over financial reporting.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	53.3	53.3	53.3
	Agree	6	40.0	40.0	93.3
	Strongly Disagree	1	6.7	6.7	100.0
	Total	15	100.0	100.0	

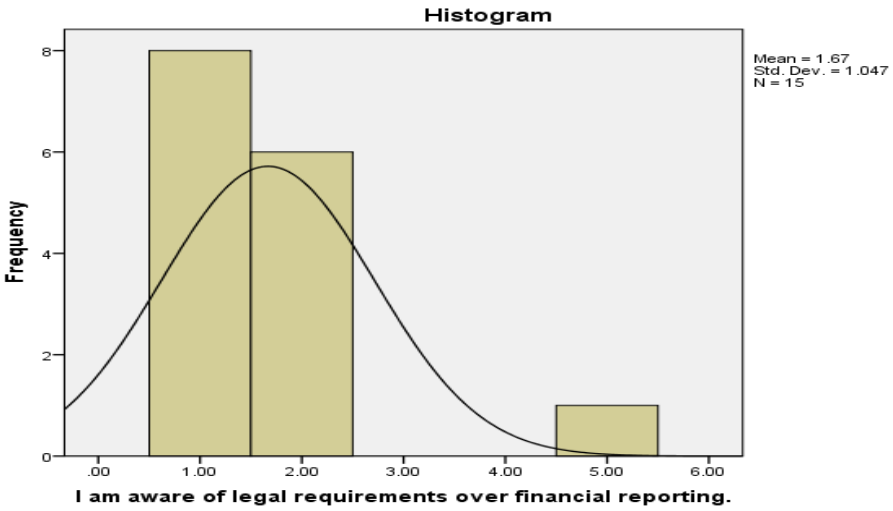

Figure 13 Histogram showing responses on awareness of legal requirement over financial reporting

Data Analysis

Survey result shows that 14 out of 15 respondents are aware of legal requirements of financial reporting responsibilities. Only one respondent has negatively respondent to the question.

Interpretation

Most of the persons responsible for financial reporting are aware of the legal requirements over financial reporting.

Understanding reporting responsibilities of all effective IFRSs

Table 14 frequency analysis on understanding reporting responsibilities of all effective IFRSs

I have clear understanding of the reporting requirement (recognition, measurement and mandatory disclosure) of all effective IFRSs.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	26.7	26.7	26.7
	Agree	6	40.0	40.0	66.7
	Neutral	3	20.0	20.0	86.7
	Disagree	2	13.3	13.3	100.0
	Total	15	100.0	100.0	

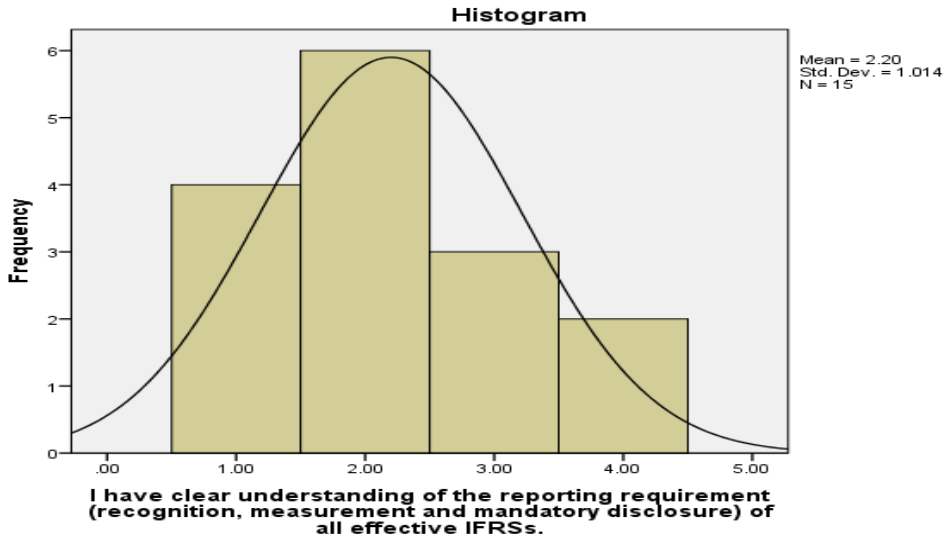

Figure 14 Histogram showing responses on understanding reporting responsibilities of all effective IFRSs

Data Analysis

Survey result shows that 10 out of 15 respondents reported that they understand the reporting responsibilities arising out of the effective IFRSs. 2 respondents disagreed with the statements where 3 respondents remained neutral.

Interpretation

Most of the respondents believe that they have clear understanding over IFRSs that are already effective. This indicates that responsible people are aware of their responsibilities.

Disclosure about differed taxes

Table 15 frequency analysis on disclosing deferred taxes

In our recent financial statements, I have made disclosure about deferred taxes.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	26.7	26.7	26.7
	Agree	3	20.0	20.0	46.7
	Neutral	3	20.0	20.0	66.7
	Disagree	2	13.3	13.3	80.0
	Strongly Disagree	3	20.0	20.0	100.0
	Total	15	100.0	100.0	

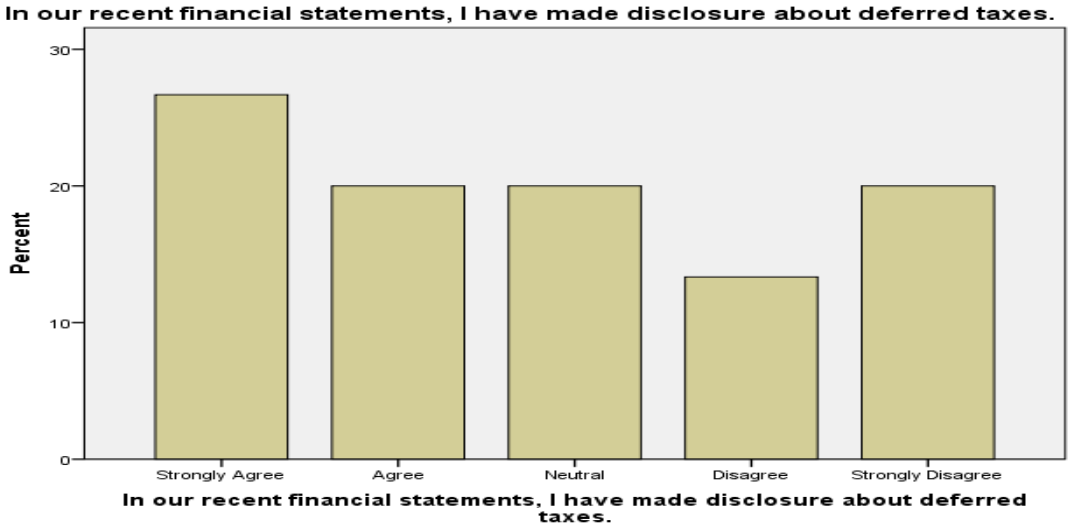

Figure 15 Bar Chart showing responses on disclosing deferred taxes

Data Analysis

Survey result shows that 7 out of 15 respondents reported that they have reported or disclosed deferred tax in their recent financial statements. However, more than 50% respondents are either silent or disagree with the statements.

Interpretation

Deferred tax is one of the complexes issued in financial accounting. Very few people understand deferred tax and disclose them in the financial statements. Most of the respondents doesn't feel that they need to make disclosure about deferred tax.

18. Correlation analysis

Correlation analysis measures the relationship between two continuous numeric variables that indicates both the direction and degree to which they co-vary with one another from case to case, without implying that one is causing the other. Correlation ranges from -1 to 1 where -1 represents strongly negative correlation and 1 represents strongly positive correlation. Correlation ranging between -0.5 to 0.5 indicates weak correlation between the variables.

The significance of each correlation coefficient is displayed in the correlation Table 1. The significance level (or p-value) is the probability of obtaining results as extreme as the one observed. If the significance level is very small (less than 0.05) then the correlation is significant, and the two variables are linearly related. If the significance level is relatively large (for example, 0.50) then the correlation is not significant, hence the two variables are not linearly related.

Table 16 correlation matrix

		Prof.Education	Org.Culture	Mgt.Intent	Awareness	Organization culture
Prof.Education	Pearson Correlation	1	.617*	.589*	.654**	.444
	Sig. (2-tailed)		.014	.021	.008	.097
	N	15	15	15	15	15
Org.Culture	Pearson Correlation	.617*	1	.833**	.792**	.687**
	Sig. (2-tailed)	.014		.000	.000	.005
	N	15	15	15	15	15
Mgt.Intent	Pearson Correlation	.589*	.833**	1	.716**	.711**
	Sig. (2-tailed)	.021	.000		.003	.003
	N	15	15	15	15	15
Awareness	Pearson Correlation	.654**	.792**	.716**	1	.663**
	Sig. (2-tailed)	.008	.000	.003		.007
	N	15	15	15	15	15
Organization culture	Pearson Correlation	.444	.687**	.711**	.663**	1
	Sig. (2-tailed)	.097	.005	.003	.007	
	N	15	15	15	15	15

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix above shows the total correlation between Professional Education, Organization culture, Management intention, awareness of responsibilities and Organization culture of responsibilities. The inter correlation between all of this item shows that how strongly they are related to each other.

Correlation between professional education & organization culture.

H_0: ***Professional Education and the Organization culture are not correlated.***

H_1: ***Professional Education and the Organization culture are correlated.***

Table 17 correlation between Professional Education and the Organization Culture

Correlations

		Prof.Education	Org.Culture
Prof.Education	Pearson Correlation	1	.617*
	Sig. (2-tailed)		.014
	N	15	15
Org.Culture	Pearson Correlation	.617*	1
	Sig. (2-tailed)	.014	
	N	15	15

*. Correlation is significant at the 0.05 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Professional Education and Organization culture, is 0.617. That means two variables have string positive relation. Also, the significance level is .014 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Professional Education and the Organization culture are correlated.**

Correlation between professional education & Management Intention.

H_0: ***Professional Education and the Management Intention are not correlated.***

H_1: ***Professional Education and the Management Intention are correlated.***

Table 18 correlation between Professional Education and the Management Intention

Correlations

		Prof.Education	Mgt.Intent
Prof.Education	Pearson Correlation	1	.589*
	Sig. (2-tailed)		.021
	N	15	15
Mgt.Intent	Pearson Correlation	.589*	1
	Sig. (2-tailed)	.021	
	N	15	15

*. Correlation is significant at the 0.05 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Professional Education and Management Intention, is 0.589. That means two variables have string positive relation. Also, the significance level is .021 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Professional Education and the Management Intention are correlated.**

Correlation between professional education & Management Awareness.

H_0: ***Professional Education and the Management Awareness are not correlated.***
H_1: ***Professional Education and the Management Awareness are correlated.***

Table 19 correlation between Professional Education and the Management Awareness

		Prof.Education	Awareness
Prof.Education	Pearson Correlation	1	.654**
	Sig. (2-tailed)		.008
	N	15	15
Awareness	Pearson Correlation	.654**	1
	Sig. (2-tailed)	.008	
	N	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Professional Education and Management Awareness, is 0.654. That means two variables have string positive relation. Also, the significance level is .008 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Professional Education and the Management Awareness are correlated.**

Correlation between Organization Culture & Management Intention.

H_0: ***Organization Culture and the Management Intention are not correlated.***

H_1: ***Organization Culture and the Management Intention are correlated.***

Table 20 correlation between Organization Culture and the Management Intention

Correlations

		Org.Culture	Mgt.Intent
Org.Culture	Pearson Correlation	1	.833**
	Sig. (2-tailed)		.000
	N	15	15
Mgt.Intent	Pearson Correlation	.833**	1
	Sig. (2-tailed)	.000	
	N	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Organization Culture and Management Intention, is 0.833. That means two variables have string positive relation. Also, the significance level is .000 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Organization Culture and the Management Intention are correlated.**

Correlation between Organization Culture & Management Awareness.

H_0: ***Organization Culture and the Management Awareness are not correlated.***

H_1: ***Organization Culture and the Management Awareness are correlated.***

Table 21 correlation between Organization Culture and the Management Awareness

Correlations

		Org.Culture	Awareness
Org.Culture	Pearson Correlation	1	.792**
	Sig. (2-tailed)		.000
	N	15	15
Awareness	Pearson Correlation	.792**	1
	Sig. (2-tailed)	.000	
	N	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Organization Culture and Management Awareness, is 0.792. That means two variables have string positive relation. Also, the significance level is .000 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Organization Culture and the Management Awareness are correlated.**

Correlation between Organization Culture & Performance of Reporting Responsibilities.

H_0: ***Organization Culture and the Performance of Reporting Responsibilities are not correlated.***
H_1: ***Organization Culture and the Performance of Reporting Responsibilities are correlated.***

Table 22 correlation between Organization Culture and the Performance of Reporting Responsibilities

Correlations

		Org.Culture	Performance
Org.Culture	Pearson Correlation	1	.687**
	Sig. (2-tailed)		.005
	N	15	15
Performance	Pearson Correlation	.687**	1
	Sig. (2-tailed)	.005	
	N	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Organization Culture and Performance of Reporting Responsibilities, is 0.792. That means two variables have string positive relation. Also, the significance level is .000 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Organization Culture and the Performance of Reporting Responsibilities are correlated.**

Correlation between Management Intention & Management Awareness.

H_0: ***Management Intention and the Management Awareness are not correlated.***

H_1: ***Management Intention and the Management Awareness are correlated.***

Table 23 correlation between Management Intention and the Management Awareness

Correlations

		Mgt.Intent	Awareness
Mgt.Intent	Pearson Correlation	1	.716**
	Sig. (2-tailed)		.003
	N	15	15
Awareness	Pearson Correlation	.716**	1
	Sig. (2-tailed)	.003	
	N	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Management Intention and Management Awareness, is 0.716. That means two variables have string positive relation. Also, the significance level is .003 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Management Intention and the Management Awareness are correlated.**

Correlation between Performance of Reporting Responsibilities & Management Intention.

H_0: ***Performance of Reporting Responsibilities and the Management Intention are not correlated.***

H_1: ***Performance of Reporting Responsibilities and the Management Intention are correlated.***

Table 24 correlation between Performance of Reporting Responsibilities and the Management Intention

Correlations

		Mgt.Intent	Organization culture
Mgt.Intent	Pearson Correlation	1	.711**
	Sig. (2-tailed)		.003
	N	15	15
Performance	Pearson Correlation	.711**	1
	Sig. (2-tailed)	.003	
	N	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Performance of Reporting Responsibilities and Management Intention, is 0.663. That means two variables have string positive relation. Also, the significance level is .007 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Performance of Reporting Responsibilities and the Management Intention are correlated.**

Correlation between Performance of Reporting Responsibilities & Management Awareness.

H_0: ***Performance of Reporting Responsibilities and the Management Awareness are not correlated.***
H_1: ***Performance of Reporting Responsibilities and the Management Awareness are correlated.***

Table 25 correlation between Performance of Reporting Responsibilities and the Management Awareness

Correlations

		Awareness	Performance
Awareness	Pearson Correlation	1	.663**
	Sig. (2-tailed)		.007
	N	15	15
Performance	Pearson Correlation	.663**	1
	Sig. (2-tailed)	.007	
	N	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Decision: The table above shows that the correlation of two variables, Performance of Reporting Responsibilities and Management Awareness, is 0.663. That means two variables have string positive relation. Also, the significance level is .007 which is lower than 0.05. That means we can reject null hypothesis and at 95% confidence interval we can state that **Performance of Reporting Responsibilities and the Management Awareness are correlated.**

19. Reliability test

In statistics, reliability is the consistency of a set of measurements or of a measuring instrument, often used to describe a test. In the survey of this report, a set of 5 questions was asked to measure each variable. Here, reliability test is performed in order to check the consistency in the each set of questions. In SPSS, reliability is measured through Cronbach's alpha. Cronbach's α (alpha) is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees.

Alpha varies from zero to 1 and it can take any value less than or equal to 1, including negative values, although only positive values make sense. Higher values of alpha are more desirable as it represent higher reliability. In most cases, alpha value is needed to be higher than 0.7 to be considered as reliable.

Reliability Test on Professional Education

A set of five questions was asked to measure the necessity of professional education and training. After performing reliability test on these 5 questions, following SPSS output was generated.

Reliability Statistics

Cronbach's Alpha	N of Items
.773	5

The table above shows that Cronbach's alpha is positive and higher than 0.7. Therefore, the questionnaire set measuring the necessity of professional education and training is acceptable and internally consistent. This also means that the questions for this variable were objective, accurate and positive.

Reliability Test on Organization Culture

A set of five questions was asked to understand the organization culture. After performing reliability test on these 5 questions, following SPSS output was generated.

Reliability Statistics

Cronbach's Alpha	N of Items
.847	5

The table above shows that Cronbach's alpha is positive and higher than 0.7. Therefore, the questionnaire set for Organization Culture is acceptable and internally consistent. This also means that the questions for this variable were objective, accurate and positive.

Reliability Test on Management Intention

A set of five questions was asked to measure the Management Intention. After performing reliability test on these 5 questions, following SPSS output was generated.

Reliability Statistics

Cronbach's Alpha	N of Items
.904	5

The table above shows that Cronbach's alpha is positive and higher than 0.7. Therefore, the questionnaire set for the Management Intention is acceptable and internally consistent. This also means that the questions for this variable were objective, accurate and positive.

Reliability Test on Management Awareness

A set of five questions was asked to measure the Management Awareness. After performing reliability test on these 5 questions, following SPSS output was generated.

Reliability Statistics

Cronbach's Alpha	N of Items
.911	5

The table above shows that Cronbach's alpha is positive and higher than 0.7. Therefore, the questionnaire set for the Management Awareness is acceptable and internally consistent. This also means that the questions for this variable were objective, accurate and positive.

Reliability Test on Performance of Reporting Responsibilities

A set of five questions was asked to measure the Performance of Reporting Responsibilities. After performing reliability test on these 5 questions, following SPSS output was generated.

Cronbach's Alpha	N of Items
.877	5

The table above shows that Cronbach's alpha is positive and higher than 0.7. Therefore, the questionnaire set for Performance of Reporting Responsibilities is acceptable and internally consistent. This also means that the questions for this variable were objective, accurate and positive.

20. Regression Analysis

Regression Analysis on Professional education & training predicting Management Awareness

Purpose of this regression analysis was to find out whether Professional education and training can enhance management awareness of financial reporting responsibilities. Here awareness is considered as dependent variable and professional education and training is considered as independent variable. Following Model Summary and Coefficients table was generated after running the regression analysis is SPSS.

TABLE 26: Model summary of Professional education & training predicting Management Awareness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.654[a]	.428	.384	.65647

a. Predictors: (Constant), Prof.Education

Model summary above shows that correlation, r = .654. That means two variables, professional education and awareness or reporting responsibilities, have positive correlation. Coefficient of determination or the R-Square value is 0.428. That means only 42.8% changes in the management awareness can be explained by the professional education and training. Value of adjusted R-Square is 0.384 indicates 38.4% variation in management awareness can be measured by professional education after considering the error estimate.

Regression was conducted at 95% confidence interval to test the effect of professional education on management awareness. And the coefficient table of the regression is shown below

TABLE 27: Coefficients table for management awareness & Professional education

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.454	.589		.771	.455
	Prof.Education	.653	.209	.654	3.120	.008

a. Dependent Variable: Awareness

H_0: Professional education has no effect on Management awareness.

H_1: Professional education has effect on Management awareness.

Test Statistic: The value of the β for professional education is 0.654, value of t statistic is 3.120 and the significance level is .008

Decision: Here the significance level .008 is lower than statistical significance .05. Therefore, we can reject the null hypothesis and it can be concluded that **Professional education has effect on Management awareness.**

The regression model to predict management awareness through professional education is:

Management awareness = α + β (professional education)

The coefficient table shows that value of α is 0.454 and value of β is 0.654. Therefore, the model is

Management awareness = 0.454 + 0.654 (professional education)

Now, the model will show how much effect professional education have on management awareness if the value of professional education is inserted in the model. For each unit of investment in professional education will increase 1.108 units in management awareness.

Regression Analysis on organization culture predicting Management Awareness

Purpose of this regression analysis was to find out whether Organization culture can enhance management awareness of financial reporting responsibilities. Here awareness is considered as dependent variable and Organization culture is considered as independent variable. Following Model Summary and Coefficients table was generated after running the regression analysis is SPSS.

TABLE 28: Model summary of Organization culture predicting Management Awareness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792[a]	.628	.599	.52973

a. Predictors: (Constant), Org.Culture

Model summary above shows that correlation, r = .792. That means two variables, Organization culture and awareness or reporting responsibilities, have positive correlation. Coefficient of determination or the R-Square value is 0.628. That means only 62.8% changes in the management awareness can be explained by the Organization culture and training. Value of

adjusted R-Square is 0.599 indicates 59.9% variation in management awareness can be measured by Organization culture after considering the error estimate.

Regression was conducted at 95% confidence interval to test the effect of Organization culture on management awareness. And the coefficient table of the regression is shown below

TABLE 29: Coefficients table for management awareness & Organization culture

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.644	.362		1.779	.099
	Org.Culture	.696	.149	.792	4.681	.000

a. Dependent Variable: Awareness

H_0: **Organization culture has no effect on Management awareness.**

H_1: **Organization culture has effect on Management awareness.**

Test Statistic: The value of the β for Organization culture is 0.792, value of t statistic is 4.681 and the significance level is .000.

Decision: Here the significance level .000 is lower than statistical significance .05. Therefore, we can reject the null hypothesis and it can be concluded that **Organization culture has effect on Management awareness.**

The regression model to predict management awareness through Organization culture is:

Management awareness = α + β (Organization culture)

The coefficient table shows that value of α is 0.644 and value of β is 0.792. Therefore, the model is

Management awareness = 0.644 + 0.792 (Organization culture)

Now, the model will show how much effect Organization culture have on management awareness if the value of Organization culture is inserted in the model. For each unit of investment in Organization culture will increase 1.436 units in management awareness.

Regression Analysis on Management intention predicting Management Awareness

Purpose of this regression analysis was to find out whether Management intention can enhance management awareness of financial reporting responsibilities. Here awareness is considered as dependent variable and Management intention is considered as independent variable. Following Model Summary and Coefficients table was generated after running the regression analysis is SPSS.

TABLE 30: Model summary of management intention predicting Management Awareness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716[a]	.513	.475	.60607

a. Predictors: (Constant), Mgt.Intent

Model summary above shows that correlation, r = .716. That means two variables, Management intention and awareness or reporting responsibilities, have positive correlation. Coefficient of determination or the R-Square value is 0.513. That means only 51.3% changes in the management awareness can be explained by the Management intention and training. Value of adjusted R-Square is 0.475 indicates 47.5% variation in management awareness can be measured by Management intention after considering the error estimate.

Regression was conducted at 95% confidence interval to test the effect of Management intention on management awareness. And the coefficient table of the regression is shown below

TABLE 31: Coefficients table for management awareness & Management intention

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.142	.329		3.468	.004
	Mgt.Intent	.562	.152	.716	3.698	.003

a. Dependent Variable: Awareness

H_0: **Management intention has no effect on Management awareness.**

H_1: **Management intention has effect on Management awareness.**

Test Statistic: The value of the β for Management intention is 0.716, value of t statistic is 3.698 and the significance level is .003.

Decision: Here the significance level .003 is lower than statistical significance .05. Therefore, we can reject the null hypothesis and it can be concluded that **Management intention has effect on Management awareness.**

The regression model to predict management awareness through Management intention is:

Management awareness = α + β (Management intention)

The coefficient table shows that value of α is 1.142 and value of β is 0.716. Therefore, the model is

Management awareness = 1.142 + 0.716 (Management intention)

Now, the model will show how much effect Management intention have on management awareness if the value of Management intention is inserted in the model. For each unit of investment in Management intention will increase 1.858 units in management awareness.

Regression analysis on professional education & training predicting Performance of reporting responsibilities

Purpose of this regression analysis was to find out whether Professional education and training can enhance Performance of financial reporting responsibilities. Here awareness is considered as dependent variable and professional education and training is considered as independent variable. Following Model Summary and Coefficients table was generated after running the regression analysis is SPSS.

TABLE 32: Model summary of Professional education & training predicting Performance of reporting responsibilities

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.444[a]	.197	.136	1.07389

a. Predictors: (Constant), Prof.Education

Model summary above shows that correlation, r = .444. That means two variables, professional education and performance or reporting responsibilities, have positive correlation. Coefficient of determination or the R-Square value is 0.197. That means only 19.7% changes in the Performance of reporting responsibilities can be explained by the professional education and training. Value of adjusted R-Square is 0.136 indicates 13.6% variation in Performance of reporting responsibilities can be measured by professional education after considering the error estimate.

Regression was conducted at 95% confidence interval to test the effect of professional education on Performance of reporting responsibilities. And the coefficient table of the regression is shown below

TABLE 33: Coefficients table for Performance of reporting responsibilities & Professional education

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.137	.963		1.181	.259
	Prof.Education	.612	.343	.444	1.788	.097

a. Dependent Variable: Performance

H_0: **Professional education has no effect on Performance of reporting responsibilities.**
H_1: **Professional education has effect on Performance of reporting responsibilities.**

Test Statistic: The value of the β for professional education is 0.444, value of t statistic is 1.788 and the significance level is .097

Decision: Here the significance level .097 is higher than statistical significance .05. Therefore, we cannot reject the null hypothesis and it can be concluded that **Professional education has no effect on Performance of reporting responsibilities.**

The regression model to predict Performance of reporting responsibilities through professional education is:

Performance of reporting responsibilities = α + β (professional education)

However, as professional education does not have effect or have very little effect on performance of reporting responsibilities, above regression model is not meaningful.

Regression Analysis on organization culture predicting Performance of reporting responsibilities

Purpose of this regression analysis was to find out whether Organization culture can enhance Performance of financial reporting responsibilities. Here awareness is considered as dependent variable and Organization culture is considered as independent variable. Following Model Summary and Coefficients table was generated after running the regression analysis is SPSS.

TABLE 34: Model summary of Organization culture predicting Performance of reporting responsibilities

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.687[a]	.472	.431	.87104

a. Predictors: (Constant), Org.Culture

Model summary above shows that correlation, r = .687. That means two variables, Organization culture and awareness or reporting responsibilities, have positive correlation. Coefficient of determination or the R-Square value is 0.472. That means only 47.2% changes in the Performance of reporting responsibilities can be explained by the Organization culture and training. Value of adjusted R-Square is 0.431 indicates 43.1% variation in Performance of reporting responsibilities can be measured by Organization culture after considering the error estimate.

Regression was conducted at 95% confidence interval to test the effect of Organization culture on Performance of reporting responsibilities. And the coefficient table of the regression is shown below

TABLE 35: Coefficients table for Performance of reporting responsibilities & Organization culture

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.908	.595		1.525	.151
	Org.Culture	.834	.245	.687	3.408	.005

a. Dependent Variable: Performance

H_0: **Organization culture has no effect on Performance of reporting responsibilities.**

H_1: **Organization culture has effect on Performance of reporting responsibilities.**

Test Statistic: The value of the β for Organization culture is 0.687, value of t statistic is 3.408 and the significance level is .005.

Decision: Here the significance level .005 is lower than statistical significance .05. Therefore, we can reject the null hypothesis and it can be concluded that **Organization culture has effect on Performance of reporting responsibilities.**

The regression model to predict Performance of reporting responsibilities through Organization culture is:

Performance of reporting responsibilities = α + β (Organization culture)

The coefficient table shows that value of α is 0.908 and value of β is 0.687. Therefore, the model is

Performance of reporting responsibilities = 0.908 + 0.687 (Organization culture)

Now, the model will show how much effect Organization culture have on Performance of reporting responsibilities if the value of Organization culture is inserted in the model. For each unit of investment in Organization culture will increase 1.595 units in Performance of reporting responsibilities.

Regression analysis on management intention predicting Performance of reporting responsibilities

Purpose of this regression analysis was to find out whether Management intention can enhance Performance of financial reporting responsibilities. Here awareness is considered as dependent variable and Management intention is considered as independent variable. Following Model Summary and Coefficients table was generated after running the regression analysis is SPSS.

TABLE 36: Model summary of Management intention predicting Performance of reporting responsibilities

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.711[a]	.506	.468	.84250

a. Predictors: (Constant), Mgt.Intent

Model summary above shows that correlation, r = .711. That means two variables, Management intention and awareness or reporting responsibilities, have positive correlation. Coefficient of

determination or the R-Square value is 0.506. That means only 50.6% changes in the Performance of reporting responsibilities can be explained by the Management intention and training. Value of adjusted R-Square is 0.468 indicates 46.8% variation in Performance of reporting responsibilities can be measured by Management intention after considering the error estimate.

Regression was conducted at 95% confidence interval to test the effect of Management intention on Performance of reporting responsibilities. And the coefficient table of the regression is shown below:

TABLE 37: Coefficients table for Performance of reporting responsibilities & Management intention

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.317	.458		2.878	.013
	Mgt.Intent	.771	.211	.711	3.649	.003

a. Dependent Variable: Performance

H_0: **Management intention has no effect on Performance of reporting responsibilities.**

H_1: **Management intention has effect on Performance of reporting responsibilities.**

Test Statistic: The value of the β for Management intention is 0.711, value of t statistic is 3.649 and the significance level is .003.

Decision: Here the significance level .003 is lower than statistical significance .05. Therefore, we can reject the null hypothesis and it can be concluded that **Management intention has effect on Performance of reporting responsibilities.**

The regression model to predict Performance of reporting responsibilities through Management intention is:

Performance of reporting responsibilities = α + β (Management intention)

The coefficient table shows that value of α is 1.317 and value of β is 0.711. Therefore, the model is

Performance of reporting responsibilities = 1.317 + 0.711 (Management intention)

Now, the model will show how much effect Management intention have on Performance of reporting responsibilities if the value of Management intention is inserted in the model. For each unit of investment in Management intention will increase 2.028 units in Performance of reporting responsibilities.

Multiple regression model for awareness of responsibilities

Multiple regression model was used to formulate a model that explains how 2 independent variables, organization culture and professional education can affect the management awareness of financial reporting responsibilities which is a dependent variable of this research. In other words, the model was formulated to understand how management awareness is affected because of all independent variables. Following output was generated after conducting multiple regressions in SPSS.

TABLE 38: Summary of multiple regression models for management awareness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820[a]	.672	.617	.51752

a. Predictors: (Constant), Org.Culture, Prof.Education

Model summary above shows that correlation, *r* = .820. That means management awareness is strongly correlated with Professional education & Training and organization culture. Coefficient of determination or the R-Square value is 0.672. That means 67.2% changes in the management awareness can be explained by this model. Value of adjusted R-Square is 0.617 indicates 61.7% variation in performance can be measured by this model after considering all related factors.

The regression model to predict employee performance is:

Management awareness = $\alpha + \beta_1$ (professional education) + β_2 (organization culture)

Total change in employee performance can be found after inserting the value of constant, α, all variables and their related beta (β).

The coefficient table of the multiple regressions is shown below.

TABLE 39: Coefficients table for multiple regression model for management awareness

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.252	.469		.536	.602
	Prof.Education	.267	.210	.267	1.273	.027
	Org.Culture	.551	.185	.627	2.986	.011

a. Dependent Variable: Awareness

The coefficients table above shows that significance level for both professional education and organization culture is lower than acceptable significance level of 0.05. Therefore, it can be concluded that both independent variables have effect on the model.

After inserting the values of constant and related beta of all variables, the multiple regressions model is

Awareness of Management Responsibilities =

0.252 + .267 (Professional education) + .551 (Organization culture).

Multiple regression model for performance of responsibilities

Multiple regression model was used to formulate a model that explains how 2 independent variables, organization culture and management intention can affect the management performance of financial reporting responsibilities which is a dependent variable of this research. In other words, the model was formulated to understand how management awareness is affected because of all independent variables. Following output was generated after conducting multiple regressions in SPSS.

TABLE 40: Summary of multiple regression models for management awareness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.731[a]	.535	.457	.85073

a. Predictors: (Constant), Mgt.Intent, Org.Culture

Model summary above shows that correlation, *r* = .731. That means management performance is strongly correlated with Professional education & Training and organization culture. Coefficient of determination or the R-Square value is 0.731. That means 73.1% changes in the management performance can be explained by this model. Value of adjusted R-Square is 0.535 indicates 53.5% variation in performance can be measured by this model after considering all related factors.

The regression model to predict management performance is:

Performance of responsibilities =

$\alpha + \beta_1$ (organization culture) + β_2 (management intention)

Total change in performance of responsibilities can be found after inserting the value of constant, α, all variables and their related beta (β).

The coefficient table of the multiple regressions is shown below.

TABLE 41: Coefficients table for multiple regression model for management awareness

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.005	.586		1.713	.112
	Org.Culture	.374	.432	.308	.866	.404
	Mgt.Intent	.492	.386	.454	1.276	.226

a. Dependent Variable: Performance

The coefficients table above shows that significance level for both organization culture and management intention is much higher than acceptable significance level of 0.05. Therefore, it can be concluded that organization culture and management intention do no effect on the model. Hence the model will not serve its purpose. Hence the model is ignored.

Part-E: Findings & Conclusion

21. Findings

- Almost all of the respondents agree that professional education and training is necessary for properly make the financial reporting.
- most of the organization do not arranges training on IFRS on order to improve expertise over financial reporting.
- As organization does not arranges training on new IFRSs, responsible might not be aware about their reporting responsibilities.
- Less than half of the respondents believe their organization has sufficient number of employees who are expert in financial reporting
- Most of the organization encourages their employees to be transparent and fair over financial reporting.
- Most of the persons responsible for financial reporting are aware of the legal requirements over financial reporting.
- Most of the respondents believe that they have clear understanding over IFRSs that are already effective.
- Most of the respondents are not fully aware of the reporting responsibilities arising from newly issued IFRSs.
- Most of the respondents are not providing mandatory disclosures in financial statements related to newly issued IFRSs.
- About half of the respondents mentioned that they have not provided disclosure about deferred taxes in their company financial statements.
- Professional Education and the Management Awareness are correlated.
- Organization Culture and the Management Intention are correlated.
- Organization Culture and the Management Awareness are correlated.
- Organization Culture and the Performance of Reporting Responsibilities are correlated.
- Management Intention and the Management Awareness are correlated.
- Performance of Reporting Responsibilities and the Management Intention are correlated.
- Performance of Reporting Responsibilities and the Management Awareness are correlated.

22. Area of further studies

This study was done on only 15 respondents from various large and reputed organization. If more respondents were available, outcome of the study might have been different. So same study can be conducted with more respondents from diverse sectors.

Most of the respondents belong to either multinational companies or large local companies which already has good practice and defined for financial reporting. Further studies can be done to understand the level of awareness on management responsibilities over financial reporting from small and medium local companies and on companies on different sectors.

Another study could be conducted on intention for transparency and fairness over financial reporting by local corporates.

23. Recommendation & Conclusion

Financial Reports are vital documents which provides necessary financial and non-financial information and helps stakeholders to economic decisions. Almost all the economic decisions around the world are based on the financial information communicated through financial reporting. Primarily management are responsible for provide important information through financial statements, relate disclosures and other materials.

Very often it was witnessed that management has intentionally or unintentionally misstated the financial statements or provided no disclosures on important matters. Large corporations have collapsed over misstatement of financial reports or avoiding mandatory disclosures. As a result, regulators have strengthened their view and improved the requirements over financial reporting. Most of the unintentional misstatements or errors occur because of lack of knowledge and awareness of the financial reporting responsibilities. If management is not aware of their responsibilities over financial reporting which arises from legal or financial reporting framework, they will not be able to comply with the requirements. As a results financial statements will be misstated and will avoid mandatory disclosure requirements.

This study has identified that there is a positive relationship between awareness of management responsibilities and performance of those responsibilities. This study has also identified that management claims that they are aware of reporting responsibilities arising form legal or

reporting framework. However, most of the companies fails to comply with the requirements due to lack of expert employees or due to lack of awareness of reporting requirements. Companies also do not arrange proper training on IFRSs for the employees who are responsible for financial reporting.

This study has identified that organization culture and management intention have close relation with awareness of reporting responsibilities and performance of those responsibilities. If organization does have the culture to develop their employees, employees learning growth will stop and they will not be able to update themselves with the newer financial reporting standards and related reporting requirements. Furthermore, if management has intention not be transparent in their financial reporting, all professional knowledge of the employees will not be applied and become useless. As a result, they will not be able to perform their duty over financial reporting.

This study recommends organizations to arrange training session on IFRS for the employees so that they can improve their knowledge. If the employees can be made aware of the reporting requirements, they are expected to comply with these requirements.

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Part-G: Annexures

Annexure 1: research questionnaire

Questionnaire for Research on 'Measuring Awareness of Management Responsibilities over Financial Reporting'

Gender:	☐ Male	☐ Female			
Job Level:	☐ Entry Level	☐ Mid-Level	☐ Top Level		
Years of Experience:	☐ 0-5	☐ 6-10	☐ 11-15	☐ 16-20	☐ 21+
Professional Qualification:	☐ Qualified Professional	☐ Partly qualified	☐ None		
Organization Type:	☐ Locally owned company	☐ Foreign Subsidiary Company	☐ Other than Company		

For the following questions, please mark your answer according to the degree of your agreement.

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

	Professional education & training	**1**	**2**	**3**	**4**	**5**
1	Professional education & training is required for proper financial reporting.	☐	☐	☐	☐	☐
2	I actively undergo professional learning to develop my expertise in IFRSs and Financial Reporting.	☐	☐	☐	☐	☐
3	My organization regularly arranges training session on application of IFRSs in recording and reporting of financial transactions.	☐	☐	☐	☐	☐
4	My organization arranges training session on new IFRSs and transition to new reporting standards.	☐	☐	☐	☐	☐
5	My organization has necessary number of employees with professional education for financial reporting.	☐	☐	☐	☐	☐

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

	Organization culture	**1**	**2**	**3**	**4**	**5**
1	My organization encourages transparency over financial reporting.	☐	☐	☐	☐	☐
2	My organization encourages early adoption of newly issued IFRSs.	☐	☐	☐	☐	☐
3	Employees in my organization are made accountable for proper financial reporting.	☐	☐	☐	☐	☐
4	My organization regularly reviews application of IFRSs in transaction recording and financial reporting.	☐	☐	☐	☐	☐
5	My organization encourages employees to develop expertise in IFRSs.	☐	☐	☐	☐	☐

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

	Management Intention	**1**	**2**	**3**	**4**	**5**
1	Material financial information are never intentionally kept undisclosed in the financial statements of our organization.	☐	☐	☐	☐	☐
2	My organization has established strong control over financial reporting.	☐	☐	☐	☐	☐
3	My organization welcomes audit adjustments suggested by auditors.	☐	☐	☐	☐	☐
4	My organization have never intentionally ignored mandatory disclosure requirements in the financial statements.	☐	☐	☐	☐	☐
5	Top management encourages good corporate governance practice over financial reporting	☐	☐	☐	☐	☐

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

	Awareness of responsibilities over financial reporting	**1**	**2**	**3**	**4**	**5**
1	I am aware of legal requirements over financial reporting.	☐	☐	☐	☐	☐
2	I have clear understanding of the reporting requirement (recognition, measurement and mandatory disclosure) of all effective IFRSs.	☐	☐	☐	☐	☐
3	I am aware of the newly issued IFRSs (e.g. IFRS 15 and IFRS 16).	☐	☐	☐	☐	☐
4	I am aware of reporting requirements for the newly issued IFRSs not effective.	☐	☐	☐	☐	☐
5	I am aware of recent changes in /revisions of effective IFRSs.	☐	☐	☐	☐	☐

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

	Performance of responsibilities	**1**	**2**	**3**	**4**	**5**
1	In our recent financial statements, I have made disclosure about deferred taxes.	☐	☐	☐	☐	☐
2	In our recent financial statements, I have applied IFRSs related to Financial Instruments.	☐	☐	☐	☐	☐
3	In my organization, we have assessed and disclosed the effect of newly issued IFRS which are not yet effective (e.g. IFRS 16).	☐	☐	☐	☐	☐
4	In my organization, we regularly assess and disclose the contingent liabilities and commitments.	☐	☐	☐	☐	☐
5	My organization follows IFRS disclosure checklist while preparing financial statements.	☐	☐	☐	☐	☐

Thank you for your response!!!!